

Banco Santander, S.A.
Hong Kong Branch

(A public limited liability company incorporated in Spain)

Financial Disclosure Statement

For the six months ended 30 June 2024



BANCO SANTANDER, S.A.
HONG KONG BRANCH
(A public limited liability company incorporated in Spain)

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Unaudited Income Statement

		For the six months ended	
	Note	30 Jun 2024	30 Jun 2023
		HK\$'000	HK\$'000
Interest income		1,924,391	1,304,729
Interest expense		(1,957,383)	(1,338,847)
Other operating income			
- Gains less losses arising from trading in foreign currencies		305,866	303,564
- Gains less losses arising from securities held for trading purposes		615	(1,805)
- Gains less losses from other trading activities		(713)	94,219
- Net fees and commission income	1	72,275	52,533
- Others		181,801	137,934
Total operating income		526,852	552,327
Operating expenses			
- Staff expenses		(255,258)	(235,788)
- Rental expenses		(17,149)	(17,489)
- Other expenses		(159,867)	(173,180)
Reversal for impairment allowances for loans and receivables		10,679	10,171
Total operating expenses		(421,595)	(416,286)
Profit before taxation		105,257	136,041
Tax expense		(25,465)	(30,868)
Profit after taxation		79,792	105,173

Unaudited Balance Sheet

	Note	30 Jun 2024 HK\$'000	31 Dec 2023 HK\$'000
ASSETS			
Cash and balances with banks (except those included in amount due from overseas offices)		1,192,496	2,162,753
Due from Exchange Fund		251,306	328,529
Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)		507,495	407,344
Amount due from overseas offices		49,860,006	44,757,503
Trade bills		491,736	813,070
Securities held for trading purposes		6,691,631	3,839,739
Loans and receivables	2	14,841,345	23,960,858
Property, plant and equipment		55,144	69,508
Investment securities		7,241,167	11,466,643
Other accounts	3	55,129,088	11,995,311
TOTAL ASSETS		136,261,414	99,801,258
LIABILITIES			
Deposits and balances from banks (except those included in amount due to overseas offices)		14,938,466	7,411,013
Due to Exchange Fund		2,498,624	1,000,000
Deposits from customers			
- demand deposits and current accounts		18,378	105,007
- savings deposits		2,313,620	6,244,755
- time, call and notice deposits		22,508,530	19,316,233
Amount due to overseas offices		30,437,771	48,904,470
Certificates of deposit issued		7,565,499	3,682,273
Accrued interest, other liabilities and provisions		55,980,526	13,137,507
TOTAL LIABILITIES		136,261,414	99,801,258

Unaudited Supplementary Information
1. Net fees and commission income

	For the six months ended	
	30 Jun 2024	30 Jun 2023
	HK\$'000	HK\$'000
Gross fees and commission income	137,654	98,456
Gross fees and commission expenses	(65,379)	(45,923)
	<u>72,275</u>	<u>52,533</u>

2. Loans and receivables

	30 Jun 2024	31 Dec 2023
	HK\$'000	HK\$'000
Loans and advances to customers (note 9)	14,845,020	24,011,359
Impairment allowances		
- Stage 1	(3,675)	(5,831)
- Stage 2	-	(44,670)
	<u>14,841,345</u>	<u>23,960,858</u>

3. Other accounts

	30 Jun 2024	31 Dec 2023
	HK\$'000	HK\$'000
Accrued interest and other accounts		
- Accrued interest	594,922	647,375
- Amount receivable arising from derivative contracts	54,222,775	11,114,227
- Others	311,391	233,709
	<u>55,129,088</u>	<u>11,995,311</u>

4. Impaired loans and advances

There were no impaired loans and advances to customers or banks as at 30 June 2024 and 31 December 2023.

5. Derivative transactions

	30 Jun 2024	31 Dec 2023
	HK\$'000	HK\$'000
Nominal amounts		
- Exchange rate-related derivative contracts	858,550,647	561,816,772
- Interest rate derivative contracts	1,027,847,567	378,878,118

Unaudited Supplementary Information (Continued)
5. Derivative transactions (continued)

	30 Jun 2024	31 Dec 2023
	HK\$'000	HK\$'000
Fair value assets		
- Exchange rate-related derivative contracts	8,275,309	6,188,615
- Interest rate derivative contracts	45,947,466	4,925,612
Fair value liabilities		
- Exchange rate-related derivative contracts	8,039,848	6,104,765
- Interest rate derivative contracts	45,391,987	4,222,140

The above derivative assets and liabilities, being the positive or negative marked-to-market value of the respective derivative contracts, represent gross replacement costs. They do not take into account the effects of bilateral netting arrangements.

6. Off-balance sheet exposures

	30 Jun 2024	31 Dec 2023
	HK\$'000	HK\$'000
Contractual amounts		
- Direct credit substitutes	2,241,186	2,233,890
- Transaction-related contingencies	12,336,216	10,069,800
- Trade-related contingencies	5,520,730	1,930,885
- Other commitments	68,482,783	58,151,926
- Others (forward forward deposits placed)	4,767,562	-

Unaudited Supplementary Information (Continued)
7. International claims

International claims refer to exposures to counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognized risk transfer. The basis of geographical segments and individual countries is in accordance with the definitions set out in the Banking (Disclosure) Rules and the “Return of International Banking Statistics” issued by the Hong Kong Monetary Authority (“HKMA”). Only countries constituting 10% or more of our total international claims are disclosed as follows:

HK\$ million	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at 30 Jun 2024						
Developed countries	51,323	762	207	1,535	-	53,827
<i>Of which: Spain</i>	<i>50,610</i>	-	<i>64</i>	-	-	<i>50,674</i>
Offshore centres	432	4,568	2,066	6,075	-	13,141
<i>Of which: Hong Kong</i>	<i>430</i>	-	<i>2,034</i>	<i>4,629</i>	-	<i>7,093</i>
HK\$ million	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at 31 Dec 2023						
Developed countries	46,826	6,539	148	1,937	-	55,450
<i>Of which: Spain</i>	<i>45,391</i>	-	<i>45</i>	-	-	<i>45,436</i>
Offshore centres	631	218	3,282	11,929	-	16,060
<i>Of which: Hong Kong</i>	<i>559</i>	-	<i>3,259</i>	<i>8,699</i>	-	<i>12,517</i>

Unaudited Supplementary Information (Continued)
9. Sector information

Analysis of gross advances to customers and the percentage of secured advances classified into the following industry categories:

	30 Jun 2024		31 Dec 2023	
	HK\$'000	% of gross advances covered by collateral or other security	HK\$'000	% of gross advances covered by collateral or other security
Loans and advances for use in Hong Kong				
- Industrial, commercial & financial				
- Financial concerns	21,000	-	236,745	-
- Wholesale and retail trade	-	-	345,271	-
- Manufacturing	418,207	-	2,157,946	-
- Others	1,425,199	34.57%	1,137,630	13.73%
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	1,864,406		3,877,592	
Trade Finance	6,487,576	10.94%	11,254,720	1.59%
Loans and advances for use outside Hong Kong	6,493,038	0.52%	8,879,047	0.96%
	<hr/>		<hr/>	
Gross loans and advances to customers (note 2)	<u>14,845,020</u>		<u>24,011,359</u>	

10. Overdue or rescheduled assets

As at 30 June 2024 and 31 December 2023, there were no loans and advances to customers or other assets which were overdue for more than three months, nor were there any rescheduled assets.

11. Repossessed assets

There were no repossessed assets held as at 30 June 2024 and 31 December 2023.

Unaudited Supplementary Information (Continued)
12. Non-bank Mainland exposures

The following Mainland exposures to non-bank counterparties are prepared in accordance with the completion instructions for the “Return of Mainland Activities” issued by the HKMA.

Types of Counterparties	On-balance sheet exposure HK\$ million	Off-balance sheet exposure HK\$ million	Total HK\$ million
As at 30 Jun 2024			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	5,558	8,350	13,908
2. Local governments, local government-owned entities and their subsidiaries and JVs	42	11	53
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,958	1,108	4,066
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	8,558	9,469	18,027
Total assets after provision	136,258		
On-balance sheet exposures as percentage of total assets	6.28%		

Unaudited Supplementary Information (Continued)
12. Non-bank Mainland exposures (continued)

Types of Counterparties	On-balance sheet exposure HK\$ million	Off-balance sheet exposure HK\$ million	Total HK\$ million
As at 31 Dec 2023			
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	12,797	3,734	16,531
2. Local governments, local government-owned entities and their subsidiaries and JVs	392	-	392
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,694	690	7,384
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	19,883	4,424	24,307
Total assets after provision	99,798		
On-balance sheet exposures as percentage of total assets	19.92%		

Unaudited Supplementary Information (Continued)
13. Currency risk

The net positions or net structural positions in foreign currencies are disclosed when each currency constitutes 10% or more of the respective total net position or total net structural position in all foreign currencies.

HK\$ million	CNY	USD	Others	Total	
As at 30 Jun 2024					
Spot assets	4,015	96,296	28,887	129,198	
Spot liabilities	(12,730)	(99,833)	(14,400)	(126,963)	
Forward purchases	228,781	411,191	155,417	795,389	
Forward sales	(220,524)	(406,757)	(169,990)	(797,271)	
Net option position	-	-	-	-	
	=====	=====	=====	=====	
Net long/ (short) position	(458)	897	(86)	353	
	=====	=====	=====	=====	
Net structural position	-	2	-	2	
	=====	=====	=====	=====	
HK\$ million	CNY	EUR	SGD	Others	Total
As at 31 Dec 2023					
Spot assets	5,739	18,693	5,077	62,542	92,051
Spot liabilities	(7,510)	(6,167)	(902)	(71,528)	(86,107)
Forward purchases	134,720	70,837	3,389	310,217	519,163
Forward sales	(133,095)	(83,271)	(7,548)	(301,193)	(525,107)
Net option position	-	-	-	-	-
	=====	=====	=====	=====	=====
Net long/ (short) position	(146)	92	16	38	-
	=====	=====	=====	=====	=====
Net structural position	-	-	-	3	3
	=====	=====	=====	=====	=====

Delta equivalent approach method is used to calculate net options position of the Branch.

14. Liquidity information disclosures

	For the quarter ended	
	30 Jun 2024	30 Jun 2023
Average LMR for the financial period	42.76%	49.21%

The average liquidity maintenance ratio is the simple average of each month's average liquidity maintenance ratio for the reporting period. Liquidity maintenance ratio is calculated in accordance with the guidelines of the HKMA and the Banking (Liquidity) Rules.

The liquidity information disclosure is also available under section "Shareholders and Investors" on Banco Santander, S.A.'s website at www.santander.com.

Unaudited Supplementary Information (Continued)**15. Disclosure on remuneration**

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, Banco Santander, S.A. Hong Kong Branch complies with the requirements and has adopted the remuneration systems of Banco Santander, S.A. Head Office. Please refer to the 2023 Annual Report of Banco Santander, S.A. at <https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information#annual-report> for details.

Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.

Group Consolidated Financial Information
Capital and capital adequacy

	30 Jun 2024	31 Dec 2023
Capital ratio (Basel III)		
CET1 capital ratio	12.5%	12.3%
Tier 1 capital ratio	13.9%	13.7% *
Total capital ratio	16.7%	16.4%

EUR Million EUR Million

Total equity	103,648	104,241
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Other financial information

	30 Jun 2024	31 Dec 2023
	EUR Million	EUR Million
Total assets	1,786,261	1,797,062
Total liabilities	1,682,613	1,692,821
Total loans and advances to customers	1,065,596	1,036,349
Total customer deposits	1,037,646	1,047,169

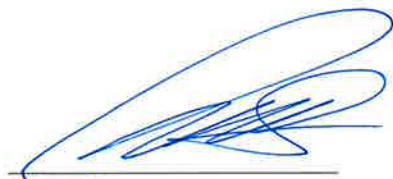
For the six months ended

	30 Jun 2024	30 Jun 2023
	EUR Million	EUR Million
Pre-tax profit	9,508	8,090

* The Tier 1 capital ratio as of 31 Dec 2023 is stated as per the final Q2 2024 Pillar 3 disclosures report

Statement of Compliance

This Disclosure Statement has been prepared in accordance with the Banking (Disclosure) Rules and the disclosure standards as stated in the Hong Kong Monetary Authority's Supervisory Policy Manual on "Guideline on the Application of the Banking (Disclosure) Rules". To the best of my knowledge, the disclosure is not false or misleading in any material respect.



Marcelo Ricardo Scenna
Alternate Chief Executive
Banco Santander, S.A. Hong Kong Branch
(A public limited liability company incorporated in Spain)